

Official Statement

no slip

INSTITUTE OF GOVERNMENTAL
STUDIES

NOV - 8 1976

me

UNIVERSITY OF CALIFORNIA

**Board of Administration
Oakland Municipal Employees' Retirement System
City of Oakland, California**

\$2,000,000 OAKLAND PENSION FUND 1976 REVENUE BONDS

*Public debts Muni. Oak.
Pensions Civil*





Digitized by the Internet Archive
in 2025 with funding from
State of California and California State Library

<https://archive.org/details/C123319817>

77 01890

CITY OF OAKLAND

BOARD OF ADMINISTRATION

Oakland Municipal Employees' Retirement System

James L. McDonnell, *President*

Alan A. Brizee, *Vice President*

Conrad Craig

Kay Evans

Clyde T. Hoffman

Thomas Mullen

Jennings W. Smith

Kenneth A. Maul, *Secretary*

CITY COUNCIL

John H. Reading, *Mayor*

George J. Vukasin, *Vice Mayor*

Felix F. Chialvo

Joe Coto

Raymond L. Eng

Fred Maggiora

Frank H. Ogawa

Joshua R. Rose

John H. Sutter

ADMINISTRATIVE OFFICERS

Cecil S. Riley, *City Manager*

Alan A. Brizee, *City Auditor*

David A. Self, *City Attorney*

Jennings W. Smith, *Director of Finance*

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington, Rowley & Sutcliffe

San Francisco, California

Financing Consultants

Hornblower & Weeks-Hemphill, Noyes Incorporated

San Francisco, California

Trustee

Crocker National Bank, *San Francisco, California*

Paying Agents

Crocker National Bank, *San Francisco, California*

The First National Bank of Chicago, *Chicago, Illinois*

The Chase Manhattan Bank, N.A., *New York, New York*

The information contained in this official statement was prepared under the direction of the Oakland Municipal Employees' Retirement System of the City of Oakland by Hornblower & Weeks-Hemphill, Noyes Incorporated, who were employed as financing consultants in connection with the proposed bond issue.

All of the following summaries of the city charter, resolutions, ordinances, and other documents are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is hereby made to such documents for further information.

The information contained in this official statement has been compiled from sources believed to be reliable. This official statement contains estimates and matters of opinion which are not intended as representations of fact. This official statement is not to be construed as a contract with the purchasers of the bonds.

THE DATE OF THIS OFFICIAL STATEMENT IS
OCTOBER 29, 1976.

77 01890

INSTITUTE OF GOVERNMENTAL STUDIES LIBRARY
109 PHILOSOPHY HALL
UNIVERSITY OF CALIFORNIA
BERKELEY, CA 94720

CONTENTS

	<i>Page</i>
Introduction	1
The Bonds	2
Authority for Issuance	2
Terms of Sale	2
Description of Bonds	2
Redemption Provisions	3
Purpose of Issue	3
Tax Exemption	3
Legal Opinion	3
Security	3
Reserve Fund	4
Application of Revenues	4
Investment of Funds	4
Reports and Accounts	4
The Trustee	4
Bond Service Requirements and Revenues	5
Bond Service	5
Pledged Securities	5

TABLES

Table 1. Estimated Bond Service Requirements	5
Table 2. Pledged Securities — Schedule of Cash Flow	6
Table 3. Bond Service Requirements and Revenues	7
Ordinance No. 9379	follows page 7

INTRODUCTION

The Oakland Municipal Employees' Retirement System (OMERS) has been established by the City Council as authorized by the charter of the City of Oakland, California, and operates pursuant to a Retirement Ordinance of the City Council. OMERS is administered by a seven-member Board of Administration including the City Auditor, the City Finance Director, and five members who serve staggered five-year terms. The Board is responsible for the operation of the retirement system and has exclusive control of the management, investment, and disbursement of the funds under its jurisdiction.

In 1970, employees of the city (except police and fire personnel) were given the opportunity to elect to transfer from the city retirement system to the Public Employees' Retirement System (PERS) of the State of California, and a second such election was held in 1973. As a result of these elections, 1,527 city employees were transferred to the state system.

In 1975, practically all of the remaining active members of OMERS, 244 out of 275, elected to transfer to PERS. The transfer was effective on January 10, 1976 and entailed payment of \$1,843,210 from OMERS to PERS. This amount was borrowed by OMERS from the City of Oakland and is to be repaid from proceeds of the \$2,000,000 of bonds now being issued.

OMERS has sequestered bonds from its investment portfolio and dedicated them to the repayment of the loan from the city. These bonds, *all rated Aaa by Moody's Investors Service*, have a par value of \$2,750,000, a cost of \$2,762,250, and a market value (as of September 30, 1976) of approximately \$1,818,000.

Liquidation of these investments (or their direct transfer to the city) would result in a heavy loss to OMERS from their original cost. In order to avoid such a loss, it was decided to use the bonds as security for long-term borrowing by OMERS of the necessary moneys.

The sequestered securities, together with the other pledged revenues, are to be held by the Trustee and applied exclusively to the payment of the bonds now being issued (and trustee and paying agents fees). The cash flow generated will be sufficient to meet the proposed bond service requirements with a substantial margin of safety. After the scheduled payment in full of the bonds, there would still remain over \$1,600,000 in par value of securities, reserve fund, and surplus revenues pledged to the bonds.

THE BONDS

Authority for Issuance

The \$2,000,000 Oakland Pension Fund 1976 Revenue Bonds ("the bonds") are being issued by the Board of Administration of the Oakland Municipal Employees' Retirement System ("the Board") under the provisions of Ordinance No. 9379 C.M.S. of the City of Oakland. This ordinance was adopted on October 26, 1976, pursuant to Section 5 of Article XI of the constitution of the State of California and the provisions of Section 106 of the Charter of the City of Oakland.

The bonds are being issued pursuant to the provisions of Resolution No. 4181 of the Board, adopted October 28, 1976 (the "Resolution").

Terms of Sale

Bids for the bonds will be received by the Board up to the hour of 10 a.m. on November 18, 1976, at the offices of the Board's financing consultants, Hornblower & Weeks-Hemphill, Noyes Incorporated, 351 California Street, Suite 710, San Francisco, California. The bonds are expected to be awarded by the Board at its regular meeting later the same day. Details of the terms of sale will be found in the Official Notice of Sale adopted by the Board on October 28, 1976.

Description of Bonds

The \$2,000,000 Oakland Pension Fund 1976 Revenue Bonds are numbered 1 to 400, each in the denomination of \$5,000. They will be issued in coupon form; or as fully registered bonds in the denomination of integral multiples of \$5,000, with the privilege of discharge from registration. The bonds are dated November 1, 1976, and mature and become payable on November 1, 1990 to 2002, as shown in the schedule below.

MATURITY SCHEDULE

<i>November 1</i>	<i>Principal Amount</i>
1990	\$ 50,000
1991	50,000
1992	50,000
1993	50,000
1994	50,000
1995	50,000
1996	50,000
1997	50,000
1998	450,000
1999	150,000
2000	500,000
2001	200,000
2002	300,000

Interest is payable semiannually on May 1 and November 1. Interest and principal are payable at the office of the Finance Director of the City of Oakland and at the Crocker National Bank, San Francisco, The First National Bank of Chicago, Chicago, and The Chase Manhattan Bank, N.A., New York.

Redemption Provisions

The bonds are subject to call and redemption at the option of the Board on November 1, 1986, or on any interest payment date thereafter as a whole or in part, in inverse order of maturity and by lot within a maturity, upon payment of the principal amount and a premium of $\frac{1}{4}$ of 1% of such principal amount for each year and for any remaining fraction of a year between the date of redemption and the date of maturity of the bonds, but with a maximum premium of 3%.

Notice of redemption is to be published in financial newspapers circulated in Oakland and in New York City, with the first publication not less than 30 nor more than 60 days prior to the date of redemption. Copies of the notice of redemption are to be mailed to the original purchasers of the bonds, and to the holders of any registered bonds designated for redemption.

Purpose of Issue

The bonds are being issued to repay a loan made to the Oakland Municipal Employees' Retirement System from the City of Oakland, and to establish a bond reserve fund.

Tax Exemption

In the opinion of bond counsel, under existing statutes, regulations and court decisions, interest on the bonds is exempt from all present federal income taxes and from State of California personal income taxes; and the bonds are exempt from all California taxes except inheritance, gift, and franchise taxes.

Legal Opinion

The legal opinion of Messrs. Orrick, Herrington, Rowley & Sutcliffe, of San Francisco, California, approving the validity of the bonds, will be supplied free of charge to the original purchasers of the bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

Security

The bonds are secured primarily by an exclusive lien on the principal and interest of certain pledged securities ("the pledged securities") consisting of corporate bonds having a total par value of \$2,750,000 and a market value, as of September 30, 1976, estimated at \$1,818,000.

The bonds are secured also by a \$120,000 Reserve Fund to be established from bond proceeds, and by a Surplus Revenue Fund to be generated from surplus revenues.

The pledged securities and the Reserve Fund and Surplus Revenue Fund, together with all income from their investment, are to be held in trust for the bondholders by the Trustee. The bonds are not secured by the taxing power of the City of Oakland.

It will be shown that interest payable from the pledged securities, together with their maturing principal and the other pledged revenues, will be sufficient to meet the proposed bond service requirements in timely manner and with a large margin of safety.

No additional bonds may be issued secured by the pledged revenues, but the right to issue refunding bonds secured by the pledged revenues is not waived.

DISPOSITION OF BOND PROCEEDS

Payment of loan	\$1,843,210
Reserve Fund deposit	120,000
Incidental costs	36,790
Total	\$2,000,000

Reserve Fund

From proceeds of sale of the bonds, \$120,000 is to be set aside in a Reserve Fund held by the Trustee. This is to be drawn upon only to pay interest and principal on the bonds in the event and to the extent that no other funds are available for the purpose.

Moneys in the Reserve Fund are to be invested in direct obligations of the federal government. Interest earned on such investments is to be transferred to the Revenue Fund.

Application of Revenues

Interest received from the pledged securities (payable after November 1, 1976) and all principal amounts maturing are to be deposited promptly in the Revenue Fund, as is the income from investment of all other funds securing the bonds.

The authorizing Ordinance provides that all moneys in the Revenue Fund, to the extent available, be set aside monthly in the following bond service funds, in the indicated priority, until the balance in these funds reaches the following levels:

1. *Interest Fund*: The amount of interest becoming due on the bonds in the next twelve months.
2. *Principal Fund*: The amount of bond principal maturing in the next twelve months.

Any balance remaining in the Revenue Fund after these requirements are met is to be transferred to the Surplus Revenue Fund, which is to be used only for the following purposes and in the following order of priority:

- (a) to make good deficiencies in the Interest Fund, Principal Fund, or Reserve Fund;
- (b) to pay trustee and paying agency fees; and
- (c) for the purchase or redemption of bonds at the option of the Board.

Investment of Funds

Moneys in the Revenue Fund or Surplus Revenue Fund may be invested, but only in obligations of the federal government as provided in the Ordinance, and so as to provide required funds in timely manner.

Reports and Accounts

The city publishes an independently audited annual financial report, copies of which are available on request to the Office of Finance, City Hall, Oakland, California. This report will include an analysis of changes in the fund balance of the Revenue Fund pledged to the Pension Fund Bonds.

The Trustee

The Trustee is to receive and hold in trust for the bondholders all proceeds of the bonds and all of the pledged securities. The Trustee is to maintain and administer the funds established by the Resolution and the authorizing Ordinance.

PLEDGED SECURITIES

American Telephone & Telegraph	4¾%	6-1-98	\$ 200,000
Bell Telephone of Pennsylvania	4¾	5-1-01	100,000
	4¾	2-1-03	100,000
Chesapeake & Potomac Tel, W. Va.	5	3-1-00	100,000
Illinois Bell Telephone	4¾	7-1-03	125,000
Mountain States Telephone & Telegraph	5	4-1-00	150,000
	4½	6-1-02	100,000
	5½	6-1-05	150,000
New England Telephone & Telegraph	4½	7-1-02	100,000
	4½	4-1-99	100,000
	4½	7-1-05	250,000
New Jersey Bell Telephone	5¾	12-1-06	200,000
New York Telephone	4¾	1-1-06	100,000
Northwestern Bell Telephone	4¾	6-1-98	200,000
Ohio Bell Telephone	5	2-1-06	200,000
Pacific Northwest Bell Telephone	4¾	9-1-02	150,000
Pacific Telephone & Telegraph	4½	5-1-00	200,000
Southwestern Bell Tel & Tel	5¾	6-1-06	200,000
Wisconsin Telephone Co.	4¾	5-1-02	25,000
			\$2,750,000

BOND SERVICE REQUIREMENTS AND REVENUES

Bond Service

Table 1 shows the annual bond service requirements, assuming a 6½% interest rate. The maturities have been geared to the schedule of revenues becoming available annually, after allowing a substantial margin of safety.

Pledged Securities

The bonds are secured by an exclusive lien on the pledged securities and of the interest derived therefrom.

These securities are listed in the adjoining schedule. They consist of \$2,750,000 par value of bonds with a market value of approximately \$1,818,000 as of September 30, 1976.

These bonds are all obligations of the American Telephone & Telegraph Company or of affiliated companies of the Bell System, and all are rated Aaa by Moody's Investors Service.

TABLE 1
ESTIMATED BOND SERVICE REQUIREMENTS

<i>Year Ending Nov. 1</i>	<i>Principal Outstanding</i>	<i>Interest Payable^①</i>	<i>Principal Maturing</i>	<i>Total Bond Service</i>
1977	\$2,000,000	\$ 130,000	\$ —	\$ 130,000
1978	2,000,000	130,000	—	130,000
1979	2,000,000	130,000	—	130,000
1980	2,000,000	130,000	—	130,000
1981	2,000,000	130,000	—	130,000
1982	2,000,000	130,000	—	130,000
1983	2,000,000	130,000	—	130,000
1984	2,000,000	130,000	—	130,000
1985	2,000,000	130,000	—	130,000
1986	2,000,000	130,000	—	130,000
1987	2,000,000	130,000	—	130,000
1988	2,000,000	130,000	—	130,000
1989	2,000,000	130,000	—	130,000
1990	2,000,000	130,000	50,000 ^②	180,000
1991	1,950,000	126,750	50,000 ^②	176,750
1992	1,900,000	123,500	50,000 ^②	173,500
1993	1,850,000	120,250	50,000 ^②	170,250
1994	1,800,000	117,000	50,000 ^②	167,000
1995	1,750,000	113,750	50,000 ^②	163,750
1996	1,700,000	110,500	50,000 ^②	160,500
1997	1,650,000	107,250	50,000 ^②	157,250
1998	1,600,000	104,000	450,000 ^②	554,000
1999	1,150,000	74,750	150,000 ^②	224,750
2000	1,000,000	65,000	500,000 ^②	565,000
2001	500,000	32,500	200,000 ^②	232,500
2002	300,000	19,500	300,000 ^②	319,500
		\$2,934,750	\$2,000,000	\$4,934,750

① Assuming a rate of 6½%.

② Callable on or after November 1, 1986.

The interest received from the pledged securities, and the principal as it matures, are to be applied by the Trustee to the funds established for the service of the bonds.

Table 2 shows the scheduled revenues from this source for each six-month period following the date of the bonds.

In addition to the revenues of Table 2, there will be available for annual bond service all interest earned for the year in the bond service funds and in the Reserve Fund, as well as the accumulated surplus of revenues in excess of previous bond service requirements.

TABLE 2
PLEDGED SECURITIES – SCHEDULE OF CASH FLOW

<i>Six Months Ending</i>	<i>Interest Payable</i>	<i>Principal Maturing</i>	<i>Total to Revenue Fund</i>
5/1/77	\$ 67,031	\$ —	\$ 67,031
11/1/77	67,031	—	67,031
5/1/78	67,031	—	67,031
11/1/78	67,031	—	67,031
5/1/79	67,031	—	67,031
11/1/79	67,031	—	67,031
5/1/80	67,031	—	67,031
11/1/80	67,031	—	67,031
5/1/81	67,031	—	67,031
11/1/81	67,031	—	67,031
5/1/82	67,031	—	67,031
11/1/82	67,031	—	67,031
5/1/83	67,031	—	67,031
11/1/83	67,031	—	67,031
5/1/84	67,031	—	67,031
11/1/84	67,031	—	67,031
5/1/85	67,031	—	67,031
11/1/85	67,031	—	67,031
5/1/86	67,031	—	67,031
11/1/86	67,031	—	67,031
5/1/87	67,031	—	67,031
11/1/87	67,031	—	67,031
5/1/88	67,031	—	67,031
11/1/88	67,031	—	67,031
5/1/89	67,031	—	67,031
11/1/89	67,031	—	67,031
5/1/90	67,031	—	67,031
11/1/90	67,031	—	67,031
5/1/91	67,031	—	67,031
11/1/91	67,031	—	67,031
5/1/92	67,031	—	67,031
11/1/92	67,031	—	67,031
5/1/93	67,031	—	67,031
11/1/93	67,031	—	67,031
5/1/94	67,031	—	67,031
11/1/94	67,031	—	67,031
5/1/95	67,031	—	67,031
11/1/95	67,031	—	67,031
5/1/96	67,031	—	67,031
11/1/96	67,031	—	67,031
5/1/97	67,031	—	67,031
11/1/97	67,031	—	67,031
5/1/98	67,031	—	67,031
11/1/98	67,031	400,000	467,031
5/1/99	57,406	100,000	157,406
11/1/99	55,094	—	55,094
5/1/00	55,094	450,000	505,094
11/1/00	44,219	—	44,219
5/1/01	44,219	100,000	144,219
11/1/01	41,844	—	41,844
5/1/02	41,844	25,000	66,844
11/1/02	41,297	350,000	391,297
	\$3,330,381	\$1,425,000	\$4,755,381
Principal maturing 11/1/1976 to 11/1/2002			\$1,425,000
Principal maturing 11/2/2002 to 12/1/2006			1,325,000
Total			\$2,750,000

Table 3 compares the projected revenues to the proposed annual bond service requirements, assuming an interest rate of 6½%. The margin of safety is particularly noteworthy in view of the nature and quality of the revenue sources.

After all the bonds are matured on November 1, 2002, there would still remain, under the assumptions of Table 3:

Unmatured securities having a par value of \$1,325,000;
accumulated surplus revenues (exclusive of the Reserve Fund) amounting to \$167,844; and
the Reserve Fund of \$120,000.

TABLE 3
BOND SERVICE REQUIREMENTS AND REVENUES

Year Ending Nov. 1	Revenues Available for Bond Service				Bond Service Requirements ^④
	Pledged Securities ^①	Surplus ^②	Interest Earned ^③	Total	
1977	\$ 134,062	\$ 120,000	\$ 8,400	\$ 262,462	\$ 130,000
1978	134,062	132,462	9,023	275,547	130,000
1979	134,062	145,547	9,677	289,286	130,000
1980	134,062	159,286	10,364	303,712	130,000
1981	134,062	173,712	11,086	318,860	130,000
1982	134,062	188,860	11,843	334,765	130,000
1983	134,062	204,765	12,638	351,465	130,000
1984	134,062	221,465	13,473	369,000	130,000
1985	134,062	239,000	14,350	387,412	130,000
1986	134,062	257,412	15,271	406,745	130,000
1987	134,062	276,745	16,237	427,044	130,000
1988	134,062	297,044	17,252	448,358	130,000
1989	134,062	318,358	18,318	470,738	130,000
1990	134,062	340,738	19,437	494,237	180,000
1991	134,062	314,237	18,112	466,411	176,750
1992	134,062	289,661	16,883	440,606	173,500
1993	134,062	267,106	15,755	416,923	170,250
1994	134,062	246,673	14,734	395,469	167,000
1995	134,062	228,469	13,823	376,354	163,750
1996	134,062	212,604	13,030	359,696	160,500
1997	134,062	199,196	12,360	345,618	157,250
1998	534,062	188,368	11,818	734,248	554,000
1999	212,500	180,248	11,412	404,160	224,750
2000	549,313	179,410	11,371	740,094	565,000
2001	186,063	175,094	11,155	372,312	232,500
2002	458,141	139,812	9,391	607,344	319,500
	\$4,755,381	\$5,696,272	\$347,213	\$10,798,866	\$4,934,750

① Cash flow, from data of Table 2.

② At beginning of year, including the Reserve Fund of \$120,000.

③ On the Reserve Fund, estimated at 7%; and on other surplus, estimated at 5%.

④ From Table 1.

ORDINANCE NO. 9379

An Ordinance
Authorizing the Board of Administration
of the
Oakland Municipal Employees' Retirement System
to Borrow Money and Issue Bonds
for the
Purpose of Satisfaction by Payment of Advances
by the
City of Oakland
to the
Public Employees' Retirement System

ORDINANCE NO. 9379

An Ordinance Authorizing the Board of Administration of the Oakland Municipal Employees' Retirement System to Borrow Money and Issue Bonds for the Purpose of Satisfaction by Payment of Advances by the City of Oakland to the Public Employees' Retirement System; Prescribing the Amount, Date and Forms of the Bonds of Said Authorized Issue and of the Coupons to be Attached to the Coupon Bonds; and Prescribing the Maturities and Redemption Provisions of the Bonds.

WHEREAS, pursuant to Section 809 of the Charter of the City of Oakland, and as approved by the Alameda County Superior Court, the City Council of the City of Oakland and the Board of Administration, Public Employees' Retirement System entered into a contract dated September 1, 1970, amended effective April 9, 1973, to provide for an election period for City employees to elect to transfer from the Oakland Municipal Employees' Retirement System to the Public Employees' Retirement System (hereinafter called "PERS"); and

WHEREAS, 244 city employees elected on January 10, 1976, to transfer to PERS, and as a result of said transfer \$1,834,210.37 was owed to PERS and a forced liquidation under adverse market conditions of securities held in the Oakland Municipal Employees' Retirement System portfolio could have resulted in a loss of a substantial portion of the original cost of said securities; and

WHEREAS, the Board of Administration of the Oakland Municipal Employees' Retirement System (hereinafter called the "Board") requested the City of Oakland to advance to PERS for its account and benefit the sum of \$1,834,210.37; and

WHEREAS, the City of Oakland is a municipal corporation organized and existing under the constitution and laws of the State of California, and governed by a freeholders' Charter adopted pursuant to the Constitution of the State of California; and

WHEREAS, Section 49 of the Charter of the City of Oakland specifically provides that the City of Oakland will have the right and power to make and

enforce all laws and regulations with respect to municipal affairs, subject only to the restrictions and limitations provided in its Charter;

NOW, THEREFORE, the Council of the City of Oakland does ordain as follows:

1. The Board is hereby authorized to borrow \$2,000,000 and to issue bonds (the "Bonds") evidencing such debt, solely for the purpose of first, repaying the City of Oakland for its payment of money to PERS, second, creating a reserve fund to further secure the Bonds and third, paying the incidental costs of issuing the Bonds.

2. The Bonds may be issued as coupon Bonds in the denomination of \$5,000 or as fully registered Bonds without coupons in the denomination of \$5,000 or any authorized multiple thereof.

3. The Bonds shall be dated November 1, 1976. Each of the Bonds shall bear interest at such rate or rates, payable on May 1 and November 1 of each year, not to exceed seven percent (7%) per annum, as may be fixed by the Board at the time of sale of the Bonds.

4. Both the principal of and interest on the Bonds shall be payable at the office of the Director of Finance of the City of Oakland, in Oakland, California, or, at the option of the holder, at the principal office of Crocker National Bank, the paying agent of the Board in San Francisco, California, the principal office of The Chase Manhattan Bank, N.A., the paying agent of the Board in New York, New York, or at the office of The First National Bank of Chicago, the paying agent of the Board in Chicago, Illinois, in lawful money of the United States of America.

5. The Bonds shall mature in consecutive numerical order, from lower to higher, as set forth in the following schedule:

Principal Amount	Maturity Date (November 1) (inclusive)	Principal Amount	Maturity Date (November 1) (inclusive)
\$ 50,000	1990-1997	500,000	2000
450,000	1998	200,000	2001
150,000	1999	300,000	2002

The Bonds are subject to redemption prior to their respective maturity dates, at the option of the Board, on November 1, 1986, but not prior thereto,

and on any interest payment date thereafter prior to maturity, as a whole or in part in inverse order of maturities and by lot within any such maturity if less than all of the Bonds of such maturity be redeemed, at the principal amount thereof and accrued interest to date of redemption plus a premium of $\frac{1}{4}$ of 1% of such principal amount for each year or fraction thereof, if any, remaining between the date fixed for redemption and the fixed maturity date of the Bonds called for redemption, provided that such premium shall not exceed 3% of such principal amount.

The Director of Finance shall cause notice of any redemption to be published once not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption in a financial newspaper or journal circulated in Oakland, California, and also in a financial newspaper or journal circulated in New York, New York. Such notice shall state the redemption date and the redemption price and shall designate the serial numbers of the Bonds to be redeemed (including the serial numbers of coupon Bonds reserved against fully registered Bonds) by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or that all of the Bonds of any stated maturity, have been called for redemption, and shall require that such Bonds be then surrendered with, in the case of coupon Bonds, all interest coupons maturing on or subsequent to the redemption date, at the office of the Director of Finance, for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

A similar notice shall be mailed by the Director of Finance to each of the managers of the purchasing group which initially purchased from the Board the Bonds then called for redemption, and also to the respective registered owners of any Bonds designated for redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, at their addresses appearing on the Bond registration books in the office of the Director of Finance; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Bonds.

Any notice of redemption may be cancelled and annulled by the Board if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption by publishing notice of such cancellation at least once in the same financial newspapers or journals in which the notice of redemption was published. Such notice of cancellation may be published at any time prior to the date fixed for redemption.

On or prior to the redemption date specified in each such notice of redemption, the Board shall deposit with, or otherwise make available to, the Director of Finance, out of moneys available hereunder for the purpose, a sum of money sufficient to redeem, at the premium payable as provided for with respect to the Bonds so called for redemption, the Bonds designated for redemption and to pay the interest accrued thereon up to said redemption date, such moneys to be applied to the payment of such Bonds and such accrued interest thereon upon presentation and surrender of such coupons, if any, and of such Bonds, together with, in the case of registered Bonds, duly executed instruments of transfer, at the office of the Director of Finance, provided that in the case of coupon Bonds such part of the redemption price as shall be represented by coupons maturing prior to, or on, the date of redemption shall continue to be payable (but without interest thereon, unless the Board shall make default in the payment thereof upon demand) to the respective bearers of the coupons therefor upon presentation and surrender thereof; and after the receipt by the Director of Finance of such deposit, such Bonds so called, whether or not presented for redemption, shall cease to be entitled to any benefit under this Ordinance other than the right to receive payment of the redemption price; no interest will accrue thereon on or after the redemption date specified in such notice; claims for interest, if any, appertaining to such Bonds after such redemption date shall be void; and the holders of Bonds so called for redemption shall look after such redemption date for the payment of such Bonds and accrued interest and premium only to the funds held by the Director of Finance and allocated for that purpose as hereinbefore provided; all provided that the funds allocated as aforesaid remain available therefor. All Bonds so redeemed shall forthwith be cancelled and no Bonds shall be issued hereunder in place thereof.

Upon surrender of any fully registered Bond without coupons redeemed in part only, the Board shall execute and the Director of Finance shall deliver to the registered owner thereof, at the expense of the Board, a new Bond or Bonds, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bonds surrendered, which new Bond or Bonds may be at the option of the registered owner, either a coupon Bond or Bonds with all unmatured coupons appertaining thereto or a fully registered Bond or Bonds without coupons.

6. The coupon Bonds, the interest coupons to be attached thereto, the fully registered Bonds, and the forms of corresponding coupon Bond endorsement and assignment to appear thereon shall be substantially in the following forms, respectively:

[FORM OF COUPON BOND]

UNITED STATES OF AMERICA
 STATE OF CALIFORNIA
 ALAMEDA COUNTY
 OAKLAND PENSION FUND
 1976 REVENUE BOND

No. _____

\$5,000

The BOARD OF ADMINISTRATION OF THE OAKLAND MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (herein called the "Board"), hereby acknowledges itself indebted and for value received, promises to pay (but only out of the Revenues hereinafter referred to) to the bearer hereof, on November 1, _____, (subject to the right of prior redemption hereinafter reserved), the principal sum of Five Thousand Dollars (\$5,000), together with interest thereon from the date hereof until the principal hereof shall have been paid, at the rate of _____ per cent (___%) per annum, payable semiannually on May 1 and November 1 in each year. Both the principal hereof and interest hereon are payable at the office of the Director of Finance of the City of Oakland, in Oakland, Alameda County, California, or, at the option of the holder, at the principal office of Crocker National Bank, San Francisco, California, The Chase Manhattan Bank, N.A., New York, New York, or The First National Bank of Chicago, Chicago, Illinois, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of Bonds of the Board aggregating Two Million Dollars (\$2,000,000) in principal amount, all of like tenor (except for such variations, if any, as may be required to designate varying numbers, maturities or interest rates), and is issued under and pursuant to the Constitution and statutes of the State of California, and under and pursuant to the Charter, ordinances and proceedings of the City of Oakland duly adopted and taken.

This Bond and the interest hereon and all other Bonds and the interest thereon are payable from, and are secured by a first charge and lien on, the Revenues derived by the Board from the Securities as those

terms are defined in the Ordinance of the City Council of the City of Oakland adopted _____, 1976 (herein called the "Ordinance"). As and to the extent set forth in the Ordinance, all such Revenues are exclusively pledged to and constituted a trust fund, in accordance with the terms hereof and the provisions of the Ordinance, for the security and payment or redemption of, and for the security and payment of interest on, the Bonds.

This Bond is not a lien, charge or liability, as to either principal or interest, against the City of Oakland, or against the Board or against the property of either, except to the extent of the pledge of Revenues, as provided by the Ordinance pursuant to which it is issued. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the City of Oakland to pay this Bond or the interest hereon, and neither the payment of the principal hereof nor any part thereof, nor any interest thereon, constitutes a debt, liability or obligation of the City of Oakland.

The Bonds are subject to redemption prior to their respective maturity dates, at the option of the Board, on November 1, 1986, but not prior thereto, and on any interest payment date thereafter prior to maturity, as a whole or in part in inverse order of maturities and by lot within any such maturity if less than all of the Bonds of such maturity be redeemed, at the principal amount thereof and accrued interest to date of redemption plus a premium of $\frac{1}{4}$ of 1% of such principal amount for each year or fraction thereof, if any, remaining between the date fixed for redemption and the fixed maturity date of the Bonds called for redemption, provided that such premiums shall not exceed 3% of such principal amount.

The Bonds are issued as coupon Bonds in the denomination of \$5,000, or as fully registered Bonds without coupons in denominations of \$5,000 and any multiple thereof. The coupon Bonds and the registered Bonds without coupons (of the same interest rates and maturities) are interchangeable upon presentation for such purpose by the holder or registered owner at the office of the Director of Finance of the City of Oakland, in Oakland, California.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Board of Administration of the Oakland Municipal Employees' Retirement System has caused this Bond to be executed under its official seal, signed by its President and countersigned by its Secretary, and this Bond to be dated November 1, 1976.

*President of the
 Board of Administration of the
 Oakland Municipal Employees'
 Retirement System*

[SEAL]

Countersigned:

*Secretary of the
 Board of Administration of the
 Oakland Municipal Employees'
 Retirement System*

[FORM OF INTEREST COUPON]

Coupon No. _____

THE BOARD OF ADMINISTRATION OF THE OAKLAND
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM,

on _____ 1, _____,

(subject to the right of prior redemption reserved in the Bond herein mentioned) will pay (but only out of Revenues referred to in said Bond) to bearer at the office of the Director of Finance in Oakland, California, or, at the option of the holder, at the principal office of Crocker National Bank, San Francisco, California, The Chase Manhattan Bank, N.A., New York, New York, or The First National Bank of Chicago, Chicago, Illinois, upon surrender hereof, the sum set forth hereon in lawful money of the United States of America, being interest then \$ _____ due on its Pension Fund 1976 Revenue Bond, dated November 1, 1976. No. _____

Director of Finance of the City of Oakland

[FORM OF FULLY REGISTERED BOND]

UNITED STATES OF AMERICA
 STATE OF CALIFORNIA
 ALAMEDA COUNTY
 OAKLAND PENSION FUND
 1976 REVENUE BOND

No. R _____ \$ _____

The BOARD OF ADMINISTRATION OF THE OAKLAND MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (herein called the "Board"), hereby acknowledges itself indebted and for value received promises to pay (but only out of the Revenues hereinafter referred to) to _____, the registered owner hereof, on November 1, _____, (subject to the right of prior redemption hereinafter reserved), the principal sum of _____ Dollars (\$ _____), together with interest thereon at the rate of _____ per cent (____%) per annum, payable semiannually on May 1 and November 1 in each year from the interest payment date next preceding the date of this Bond (unless this Bond is dated on an interest payment date, in which event it shall bear interest from the date hereof, or unless this Bond is dated prior to May 1, 1977, in which event it shall bear interest from November 1, 1976) until payment of said principal sum. Both the principal hereof and interest hereon are payable at the office of the Director of Finance in the City of Oakland, Alameda County, California, or, at the option of the holder, at the principal office of Crocker National Bank, San Francisco, California, The Chase Manhattan Bank, N.A., New York, New York, or The First National Bank of Chicago, Chicago, Illinois, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of Bonds of the Board aggregating Two Million Dollars (\$2,000,000) in principal amount, all of like tenor (except for such variations, if any, as may be required to designate varying numbers, maturities or interest rates), and is issued under and pursuant to the Constitution and statutes of the State of California, and under and pursuant to the Charter, ordinances and proceedings of the City of Oakland duly adopted and taken.

This Bond and the interest hereon and all other Bonds and the interest thereon are payable from, and are secured by a first charge and

lien on, the Revenues derived by the Board from the Securities as those terms are defined in the Ordinance of the City Council of the City of Oakland adopted _____, 1976, (herein called the "Ordinance"). As and to the extent set forth in the Ordinance, all such Revenues are exclusively pledged to and constituted a trust fund, in accordance with the terms hereof and the provisions of the Ordinance, for the security and payment or redemption of, and for the security and payment of interest on, the Bonds.

This Bond is not a lien, charge or liability, as to either principal or interest, against the City of Oakland, or against the Board or against the property of either, except to the extent of the pledge of Revenues, as provided by the Ordinance pursuant to which it is issued. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the City of Oakland to pay this Bond or the interest hereon, and neither the payment of the principal hereof nor any part thereof, nor any interest thereon, constitutes a debt, liability or obligation of the City of Oakland.

The Bonds are subject to redemption prior to their respective maturity dates, at the option of the Board, on November 1, 1986, but not prior thereto, and on any interest payment date thereafter prior to maturity, as a whole or in part in inverse order of maturities and by lot within any such maturity if less than all of the Bonds of such maturity be redeemed, at the principal amount thereof and accrued interest to date of redemption plus a premium of $\frac{1}{4}$ of 1% of such principal amount for each year or fraction thereof, if any, remaining between the date fixed for redemption and the fixed maturity date of the Bonds called for redemption, provided that such premium shall not exceed 3% of such principal amount.

The Bonds are issued as coupon Bonds in the denomination of \$5,000, or as fully registered Bonds without coupons in denominations of \$5,000 and any multiple thereof. The coupon Bonds and the registered Bonds without coupons (of the same interest rates and maturities) are interchangeable upon presentation for such purpose by the holder or registered owner at the office of the Director of Finance of the City of Oakland, in Oakland, California.

This Bond is transferable on the registration books kept by the Board by the registered owner or agent duly authorized in writing, after which it shall be registered in the name of the new owner, and both the

principal of and interest on this Bond shall be payable only to the registered owner.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Board of Administration of the Oakland Municipal Employees' Retirement System has caused this Bond to be executed under its official seal, signed by its President and countersigned by its Secretary, and this Bond to be dated _____, _____.

*President of the
 Board of Administration of the
 Oakland Municipal Employees'
 Retirement System*

[SEAL]

Countersigned:

*Secretary of the
 Board of Administration of the
 Oakland Municipal Employees'
 Retirement System*

[FORM OF CORRESPONDING COUPON BOND ENDORSEMENT]

Notice: No writing below except by Director of Finance.

This Registered Bond is issued in lieu of or in exchange for Coupon Bond(s) of this issue, interest rate and maturity, numbered_____

 _____,

in the denomination of \$5,000 each not contemporaneously outstanding aggregating the face value hereof; and Coupon Bond(s) of this issue and

of the same interest rate and maturity aggregating the face value hereof [and bearing the above serial number(s) which has (have) been reserved for such Coupon Bond(s)] will be issued in exchange for this Registered Bond and upon surrender and cancellation thereof and upon payment of charges, all as provided in the within-mentioned resolution.

[FORM OF ASSIGNMENT]

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Board in the office of the Director of Finance in Oakland, California, with full power of substitution in the premises.

Dated: _____

Note: The signature to this Assignment must correspond with the name as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

7. The President of the Board and the Secretary of the Board are hereby authorized and directed to sign each of the Bonds on behalf of the Board, and the Secretary is hereby authorized and directed to impress or imprint by facsimile the official seal of the Board thereon. The signature of the President or the Secretary may be a printed, lithographed or engraved facsimile signature, provided that one of such signatures shall be manually affixed to each coupon Bond. The Director of Finance is hereby authorized and directed to sign each of the interest coupons by printed, lithographed or engraved facsimile signature and to authenticate each registered Bond by his manual signature. In case any such officer whose signature or countersignature appears on the Bonds or coupons shall cease to be such officer before the delivery of such Bonds to the purchaser, such signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as though he had remained in office until the delivery of the bonds.

8. The Board hereby appoints the San Francisco principal office of Crocker National Bank as Trustee and as paying agent, the New York principal office of The Chase Manhattan Bank, N.A. and the office of The First National Bank of Chicago as co-paying agents for the purpose of paying the principal of and interest on any of the Bonds presented for payment in San Francisco, California, New York, New York, and Chicago, Illinois, respectively, and for such other purposes herein authorized. The Board may remove

the paying agent or any co-paying agent (the "Paying Agents") and any successor thereto, and appoint a successor thereto; provided that any such successor shall be a bank or trust company doing business and having an office in San Francisco, California, or in New York, New York, or in Chicago, Illinois, as the case may be. Any such Paying Agent designated by the Board shall continue to be the Paying Agent of the Board for the purpose of paying the principal of and interest on the Bonds in San Francisco, California, in New York, New York, or in Chicago, Illinois, as the case may be, until the designation of a successor as such Paying Agent in such city. The Paying Agents are hereby authorized to redeem the Bonds and interest coupons appertaining thereto when duly presented for payment at maturity and to cancel all Bonds and coupons upon payment thereof and to return the same so cancelled to the Board.

9. The proceeds of the sale of said \$2,000,000 principal amount of Bonds shall be deposited as follows:

(a) The sum of One Million Eight Hundred Thirty-four Thousand Two Hundred Ten Dollars and Thirty-Seven Cents (\$1,834,210.37) shall be paid to the City of Oakland.

(b) The sum of One Hundred Twenty Thousand Dollars (\$120,000) shall be deposited in a special fund with Crocker National Bank, as trustee (the "Trustee") designated as the "Reserve Fund", which fund the Board covenants to establish and maintain.

(c) The balance of the proceeds of the sale of said \$2,000,000 principal amount of Bonds shall be deposited in the City Treasury and used to pay the expenses of issuing the Bonds.

10. The corporate securities described in Exhibit A attached hereto and incorporated herein by reference (the "Securities") shall be transferred on the date of delivery of the Bonds to the Trustee, and the Securities together with all interest, principal, redemption proceeds or other payments (the "Revenues") received by said Trustee on account of the Securities are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds, and Revenues shall not be used for any other purpose while any of the Bonds remain outstanding; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 9. Said pledge shall constitute a first and exclusive lien on the Revenues for the payment of the Bonds in accordance with the terms thereof.

All Revenues shall, so long as any Bonds are outstanding, be deposited by the Trustee in the Revenue Fund. All moneys at any time deposited in the

Revenue Fund shall be held in trust for the benefit of the holders from time to time of the Bonds and the coupons appertaining thereto and shall be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth.

11. All moneys in the Revenue Fund shall be set aside by the Trustee in the following respective special funds, each of which the Board hereby covenants to establish and maintain in the following order of priority:

- (1) Interest Fund
- (2) Principal Fund
- (3) Surplus Revenue Fund

A. The Trustee shall monthly set aside out of the Revenue Fund in the Interest Fund all Revenues until an amount equal to the requisite yearly amount of interest on all of the outstanding Bonds is on deposit in such fund. No deposit need be made in the Interest Fund if the amount contained therein is at least equal to the interest to become due in the next ensuing twelve (12) months upon all of the Bonds then outstanding. Moneys in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

B. The Trustee shall monthly set aside out of the Revenue Fund in the Principal Fund all remaining Revenues until an amount equal to the requisite amount of principal of outstanding Bonds maturing within the next ensuing twelve (12) months is on deposit in such fund. No deposit need be made in the Principal Fund if the amount contained therein is at least equal to the principal of outstanding Bonds to become due in the next ensuing twelve (12) months. Moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Bonds as it shall become due and payable.

C. The Trustee shall monthly set aside out of the Revenue Fund in the Surplus Revenue Fund all remaining Revenues. Moneys in the Surplus Revenue Fund shall be used and withdrawn by the Trustee solely for the following purposes in the following order of priority: (1) paying deficiencies in the Interest Fund or the Principal Fund or Reserve Fund; (2) paying the fees and expenses of the Trustee, the paying agent and the co-paying agents; and (3) at the option of the Board, redeeming or repurchasing all or any portion of Bonds then outstanding.

12. Moneys in the Reserve Fund shall be used and withdrawn solely for the purpose of paying the principal of and interest on the Bonds in the event

that no other funds are available therefor, or for the retirement of all of the Bonds then outstanding.

13. Moneys in the Reserve Fund may be invested in Federal Securities maturing not more than eighteen years from the date of purchase by the Trustee. Moneys in the Interest Fund, Principal Fund, and Surplus Revenue Fund may be invested in Federal Securities maturing prior to the date on which such moneys are required to be paid out hereunder. All interest received by the Trustee on any moneys so invested shall be deposited in the Revenue Fund and applied only as provided in Section 9 hereof.

As used herein, the term "Federal Securities" means obligations of the United States of America and those for which the faith and credit of the United States of America are pledged for the payment of principal and interest; bonds, consolidated bonds, collateral trust debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under said act; bonds, debentures and other obligations of the Federal National Mortgage Association and the Government National Mortgage Association established under the National Housing Act, as amended; and, also, any securities now or hereafter authorized, both the principal of and interest on which are guaranteed directly or indirectly by the full faith and credit of the United States of America.

14. Bonds (herein sometimes called "Refunding Bonds") may be authorized and issued by the Board for refunding purposes pursuant to this Section 14 to an aggregate principal amount sufficient to provide for the payment of all Bonds theretofore authorized and issued and then outstanding. Any Bonds which by their terms provide for payment or retirement at or before maturity may be refunded or may be paid at or prior to maturity from the proceeds of Refunding Bonds authorized hereunder. Refunding Bonds may be issued in a principal amount sufficient to provide funds for the payment of all of the following:

- (1) All Bonds to be refunded by such Refunding Bonds;

- (2) All expenses incidental to the calling, retiring or payment of the outstanding Bonds and the issuance of the Refunding Bonds, including the difference in amount between the par value of the Refunding Bonds and any amount less than par value for which the Refunding Bonds may be sold;

(3) Any amount necessary to be made available for the payment of interest upon the Refunding Bonds from the date of their sale to the date of maturity or payment of the Bonds to be refunded out of the proceeds of such sale or the date upon which the Bonds to be refunded will be paid pursuant to the call for redemption or agreement with the holders thereof; and

(4) The premium, if any, necessary to be paid in order to call or retire the outstanding Bonds and also the amount of the interest accruing on the outstanding Bonds to the date of the call or retirement of such outstanding Bonds.

Such Refunding Bonds shall be issued only upon compliance by the Board with the following conditions, namely:

(i) The City Council shall adopt a supplemental ordinance providing for the issuance of such Refunding Bonds which shall be approved by the Board; and

(ii) The Board shall cause to be deposited with the Trustee cash or Federal Securities, or both, sufficient, together with interest and income thereon, to pay the principal, premium, if any, and interest to maturity, or to the redemption date, as the case may be, on or prior to the dates on which the same become due and payable, with respect to the Bonds to be redeemed, together with either instructions to the Trustee to give the notice of redemption, as provided in Section 6 (or a waiver of the notice of redemption signed by the holders of all of the Bonds to be redeemed) or proof that such notice has been duly given by the Board, provided, however, that in lieu of such instructions or waiver or proof of notice of redemption, the Board may cause to be deposited with the Trustee all of the Bonds proposed to be redeemed (whether cancelled or uncanceled, in bearer form or accompanied by proper instruments of assignment and transfer), together with all appurtenant unmatured coupons, if any, with instructions expressed to be irrevocable to the Trustee to cancel said Bonds so to be redeemed upon the exchange and delivery of said Refunding Bonds therefor.

The proceeds of the sale of the Refunding Bonds shall be applied by the Trustee to the payment of the outstanding Bonds for the refunding of which said Refunding Bonds are to be issued or to the payment of the purchase price of the Federal Securities to be held by the Trustee to insure the retirement of the outstanding Bonds. All Bonds purchased, redeemed or retired by use of funds received from the sale of such Refunding Bonds and all Bonds surrendered to the Trustee against the issuance of Refunding Bonds shall be forthwith cancelled by the Trustee and shall not be reissued.

15. The Board may direct the Trustee to purchase, from the Surplus Revenue Fund, Bonds at public or private sale, as and when and at such prices

as the Board may in its discretion determine, but at a price (including brokerage and other charges, but excluding accrued interest) not exceeding the par value thereof or, in the case of Bonds which by their terms are subject to redemption prior to maturity, the highest redemption price (excluding accrued interest) or the current redemption price (excluding accrued interest), whichever is lower. All Bonds so purchased and the appurtenant coupons, if any, shall be delivered to and cancelled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the Board, and no Bonds shall be issued in place thereof.

16. Upon the retirement of all of the bonds, (whether by payment at maturity or by redemption prior to maturity), and payment of all interest due thereon to date of retirement or redemption, the Trustee shall transfer to the Board any of the Securities then held in the trust account established by Section 10 of this resolution, and any moneys then remaining in any of the funds created by this resolution, including the Interest Fund, Principal Fund, Surplus Reserve Fund and Reserve Fund, and all such securities and funds shall be transferred free and clear of any trust.

17. All the Bonds authorized hereunder shall be sold only at public sale.

18. Neither the payment of the principal of nor interest on the Bonds constitutes a debt, liability or obligation of either the City or the Board or a legal or equitable charge, lien or encumbrance upon any of the property of either the City or the Board or any of their income, except the Revenues specifically pledged to the payment of the Bonds. The General Fund of the City is not liable, and the credit and taxing power of the City are not pledged, for the payment of the principal of or interest on the Bonds. The holders of the Bonds shall not compel the exercise of the taxing power by the City or the forfeiture of its property in payment of the principal or interest of the Bonds, which are payable solely from the Revenues pledged or otherwise made available therefor. Neither the City nor the Board is obligated to pay such principal and interest except from the Revenues specifically pledged to such payment.

19. This ordinance is adopted pursuant to Section 5 of Article XI of the constitution of the State of California and the provisions of Section 49 of the Charter of the City of Oakland, and the provisions of this ordinance shall constitute a special procedure for the carrying out and enjoyment of the rights and powers belonging to the City and such procedure shall control and be followed in the issuance of the Bonds herein authorized to be issued and with respect to the covenants and agreements on the part of the Board herein contained this

ordinance fixes and establishes the entire procedure for the issuance of the Bonds and no other law shall be applicable thereto.

20. The Council covenants with the purchasers and holders of the Bonds issued under this Ordinance at any time outstanding that it will make no use of the proceeds of the Bonds which will cause such Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(d) of the Internal Revenue Code or the applicable regulations of the Internal Revenue Service pursuant thereto. To that end, so long as any of the Bonds are outstanding, the City and the Trustee, with respect to the proceeds of such Bonds, shall comply with all requirements of said Section 103(d) and of all regulations of the Internal Revenue Service issued thereunder and then in effect, so that none of such Bonds will be or become arbitrage bonds.

21. This Ordinance shall take effect on the day of its final adoption.

PASSED AND ADOPTED _____, 1976, by the following vote:

Ayes:

Noes:

Absent:

[SEAL]

Mayor of the City of Oakland

ATTEST:

City Clerk of the City of Oakland

The foregoing Ordinance is presented to me for approval and is hereby approved this _____ day of _____, 1976.

Mayor of the City of Oakland

CLERK'S CERTIFICATE

I, _____, City Clerk of the City of Oakland, State of California, do hereby certify as follows:

The foregoing ordinance is a full, true and correct copy of the ordinance introduced and read at a regular meeting of the Council of said City duly and regularly and legally held on _____, 1976; and said ordinance was thereafter duly passed and adopted by a vote of at least two-thirds of all of the members of the Council, at a regular meeting of the Council duly and regularly and legally held at the regular meeting place thereof on _____, 1976, of which meeting all of the members of the Council had due notice, as follows:

Ayes: Members

Noes:

Absent:

I have carefully compared the same with the original minutes of said meetings on file and of record in my office and said ordinance is duly entered of record in the minutes of the Council and in the Ordinance Book of said City, and the foregoing is a full, true and correct copy of the original ordinance adopted at said meeting and entered in said minutes and Ordinance Book.

Said ordinance has not been amended, modified or rescinded since the date of its passage and the same is now in full force and effect.

Dated: _____, 1976.

City Clerk of the City of Oakland

[SEAL]

EXHIBIT A

PLEDGED SECURITIES

American Telephone & Telegraph	4¾%	6-1-98	\$ 200,000
Bell Telephone of Pennsylvania	4¾	5-1-01	100,000
	4¾	2-1-03	100,000
Chesapeake & Potomac Tel, W. Va.	5	3-1-00	100,000
Illinois Bell Telephone	4¾	7-1-03	125,000
Mountain States Telephone & Telegraph	5	4-1-00	150,000
	4½	6-1-02	100,000
	5½	6-1-05	150,000
New England Telephone & Telegraph	4½	7-1-02	100,000
	4⅝	4-1-99	100,000
	4⅝	7-1-05	250,000
New Jersey Bell Telephone	5⅞	12-1-06	200,000
New York Telephone	4⅞	1-1-06	100,000
Northwestern Bell Telephone	4⅞	6-1-98	200,000
Ohio Bell Telephone	5	2-1-06	200,000
Pacific Northwest Bell Telephone	4¾	9-1-02	150,000
Pacific Telephone & Telegraph	4⅝	5-1-00	200,000
Southwestern Bell Tel & Tel	5¾	6-1-06	200,000
Wisconsin Telephone Co.	4¾	5-1-02	25,000
			\$2,750,000

NOTICE OF SALE

OAKLAND PENSION FUND 1976 REVENUE BONDS

(Alameda County, California)

\$2,000,000

NOTICE IS HEREBY GIVEN that the Board of Administration of the Oakland Municipal Employees' Retirement (the "Board") will receive up to 10:00 A.M. on November 18, 1976 at the office of Hornblower & Weeks-Hemphill, Noyes Incorporated, Municipal Financing Consultants, 351 California Street, Suite 710, San Francisco, CA 94104, sealed bids for the purchase of Oakland Pension Fund 1976 Revenue Bonds (the "bonds"), more particularly described below:

ISSUE: \$2,000,000 principal amount, consisting of 400 bonds of the denomination of \$5,000 each, numbered 1 to 400, both inclusive, all dated November 1, 1976.

INTEREST RATE: Not to exceed seven per cent (7%) per annum, payable semiannually on May 1 and November 1 of each year. Bidders must specify the rate or rates of interest which the bonds shall bear. Bidders may specify any number of separate interest rates and the same rate or rates may be repeated as often as desired; provided that (i) the difference between the highest and lowest coupon rates specified in any bid shall not exceed two percent (2%); (ii) each interest rate specified in any bid must be in a multiple of 1/20 of one percent and a zero rate of interest cannot be named; (iii) no bond shall bear more than one rate of interest, no interest payment shall be evidenced by more than one coupon and supplemental coupons will not be permitted; (iv) each bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (v) all bonds of the same maturity shall bear the same rate of interest; and (vi) any premium must be paid in immediate Oakland funds as part of the purchase price, and no bid will be accepted which contemplates the cancellation of any interest coupons or the waiver of interest or other concession by the bidder as a substitute for Oakland funds. Bids which do not conform to the terms of this paragraph will be rejected.

MATURITIES: Said bonds mature in consecutive numerical order from lower to higher, on November 1 in each of the years as follows:

Principal Amount	Maturity Date (November 1) (inclusive)	Principal Amount	Maturity Date (November 1) (inclusive)
\$50,000.....	1990	\$ 50,000.....	1997
50,000.....	1991	450,000.....	1998
50,000.....	1992	150,000.....	1999
50,000.....	1993	500,000.....	2000
50,000.....	1994	200,000.....	2001
50,000.....	1995	300,000.....	2002
50,000.....	1996		

BASIS OF AWARD: The bonds will be awarded to the bidder whose bid will result in the lowest net interest cost on the bonds. The lowest net interest cost shall be determined by ascertaining the total amount of interest which the Board would be required to pay from the date of the bonds to the respective maturity dates of the bonds offered for sale, at the coupon rate or rates specified in the bid, less the total amount of the premium, if any, offered by such bid. The purchaser must pay accrued interest computed on a 360-day year basis from the date of the bonds to the date of delivery. The cost of preparing the bonds will be borne by the Board.

PRIOR REDEMPTION: The bonds are subject to redemption prior to their respective maturity dates, at the option of the Board, on November 1, 1986, but not prior thereto, and on any interest payment date thereafter prior to maturity, as a whole or in part in inverse order of maturities and by lot within any such maturity if less than all of the bonds of such maturity be redeemed, at the principal amount thereof and accrued interest to date of redemption plus a premium of 1/4 of 1% of such principal amount for each year or fraction thereof, if any, remaining between the date fixed for redemption and the fixed maturity date of the bonds called for redemption, provided that such premium shall not exceed 3% of such principal amount.

PAYMENT: Both principal and interest are payable in lawful money in the United States of America at the Office of the Director of Finance of the City of Oakland, in Oakland, California, or, at the option of the holder, at the principal office of Crocker National Bank, in San Francisco, California, The Chase Manhattan Bank, N.A., New York, New York, or The First National Bank of Chicago, Chicago, Illinois.

PURPOSE OF THE ISSUE: The bonds are authorized for the purpose of (1) reimbursing the City of Oakland for moneys advanced by the City to the Board at the request of and for the benefit of the Board; (2) providing for the creation of a reserve fund by the Board to further secure the bonds; and (3) paying the incidental costs of issuing the bonds.

SECURITY: The bonds are payable from, and are a first charge upon, revenues derived by the Board from certain corporate securities deposited in trust with Crocker National Bank, San Francisco, California.

TAX EXEMPT STATUS: In the event that prior to the delivery of the bonds the income received by private holders from bonds of the same type and character shall be declared to be taxable under any Federal Income Tax Laws, whether by the terms of such laws or by ruling of any Federal Income Tax authority or official which is followed by the Internal Revenue Service or by decision of any Federal Court, the successful bidder may, at his option, prior to the tender of said bonds by the Board, be relieved of his obligation under the contract to purchase the bonds, and in such case the deposit accompanying his bid will be returned.

LEGAL OPINION: The Board will at the date of delivery of the bonds deliver to the successful bidder the legal opinion of Orrick, Herrington, Rowley & Sutcliffe, Attorneys at Law, of San Francisco, approving the legality of the bonds.

TERMS OF SALE

ESTIMATE OF NET INTEREST COST: Bidders are requested (but not required) to supply an estimate of the total net interest cost to the Board on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Board.

PROMPT AWARD: The Board will take action awarding the bonds or rejecting all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time is waived by the successful bidder. Notice of award will be given promptly to the successful bidder.

FORM OF BID AND DEPOSIT: All bids must be unconditional; for not less than all of the bonds hereby offered for sale; and for not less than the principal amount thereof and accrued interest to date of delivery. Each bid must be in writing and signed by the bidder and shall be accompanied by a deposit of a certified check or cashier's check for \$25,000, drawn on a bank or trust company authorized to transact and transacting business in the State of California, payable to the Board. Each bid, together with bidder's check, must be enclosed in a sealed envelope addressed to the City Clerk, c/o Hornblower & Weeks-Hemphill, Noyes Incorporated, Municipal Financing Consultants, Suite 710, 351 California Street, San Francisco, CA 94104, and endorsed "Proposal for Oakland Pension Fund 1976 Revenue Bonds." The deposit of each unsuccessful bidder shall be returned to him immediately upon the non-acceptance of his bid, and the deposit of the successful bidder shall immediately upon the acceptance of his bid become and be the property of the Board and shall be credited to the successful purchaser upon the purchase price of the bonds bid for in case such purchase price is paid in full within the time mutually agreed upon between the successful bidder and the Board. If the purchase price is not so paid upon tender of the Bonds, the successful bidder shall have no right in or to said bonds or by reason of said bid, or to the recovery of said deposit accompanying said bid, or to any allowance or credit by reason of such deposit unless it shall appear that the bonds would not be validly issued if delivered to the purchaser in the form and manner proposed, provided, however, that in the event of such non-payment the Board reserves any and all rights granted by law to recover the agreed purchase price of the bonds, and in addition any damages suffered by the Board. The Board

may reject all bids and may waive any irregularity or informality in any bid.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on such bonds but neither the failure to print such numbers on any bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for such bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on such bonds shall be paid by the issuer; provided, however, that the fee of the CUSIP Service Bureau for the assignment of said numbers shall be the responsibility of and shall be paid for by said purchaser.

DELIVERY OF BONDS: Bonds will be delivered at the principal office of Crocker National Bank, in San Francisco, California, on or about December 8, 1976, against payment therefor, in immediate Oakland funds. Any expense for making immediate funds available, whether by transferring Federal Funds or otherwise, shall be borne by the purchaser. The successful bidder shall have the right, at his option, to cancel the contract of purchase if the Board shall fail to tender such bonds for delivery on or before January 17, 1977, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid, but without interest thereon.

DATED: October 28, 1976.

*Secretary of the Board of Administration
of the Oakland Municipal Employees'
Retirement System.*

SCHEDULE OF BOND YEARS

Year	Years	Principal Payable November 1	Bond Years	Cumulative Bond Years
1990	14	\$ 50,000	700	700
1991	15	50,000	750	1,450
1992	16	50,000	800	2,250
1993	17	50,000	850	3,100
1994	18	50,000	900	4,000
1995	19	50,000	950	4,950
1996	20	50,000	1,000	5,950
1997	21	50,000	1,050	7,000
1998	22	450,000	9,900	16,900
1999	23	150,000	3,450	20,350
2000	24	500,000	12,000	32,350
2001	25	200,000	5,000	37,350
2002	26	300,000	7,800	45,150
		<u>\$2,000,000</u>	<u>45,150</u>	

BID FORM

November 18, 1976

Board of Administration
Oakland Municipal Employees' Retirement System
City Clerk
c/o Hornblower & Weeks-Hemphill, Noyes Incorporated
Municipal Financing Consultants
Suite 710
351 California Street
San Francisco, California 94104

Gentlemen:

Pursuant to the Official Notice of Sale (a copy of which is made part of this bid) we offer to purchase \$2,000,000 principal amount, all or none, of the Bonds designated as "Oakland Pension Fund 1976 Revenue Bonds" at the par value thereof plus a premium of \$_____ (making an aggregate sum of \$_____) plus interest accrued on such bonds from their date to the date of delivery thereof.

The bonds are to bear interest rates as set forth in the following schedule.

[illegible][illegible]

Our calculation of the net interest cost and net interest rate, which is considered to be informative only and not a part of the bid, is as follows:

Total Interest	\$ _____
Less Premium	\$ _____
Net Interest Cost	\$ _____
Net Interest Rate	_____ %

There is enclosed herewith a (certified) (cashier's) check for \$25,000 payable to the order of the Board of Administration of the Oakland Municipal Employees' Retirement System.

Following is a list of the members of our account on whose behalf this bid is made:

Respectfully submitted,

Name _____
Account Manager

By _____

Address _____

City _____

State _____

NOTE: If we are awarded the bonds, we request that 200 copies of the Official Statement be delivered to _____
at the following address: _____

77 01890

U.C. BERKELEY LIBRARIES



C123319817

INSTITUTE OF GOVERNMENTAL STUDIES LIBRARY
109 PHILOSOPHY HALL
UNIVERSITY OF CALIFORNIA
BERKELEY, CA 94720

